THE REFUNDING OF A PORTION OF THE NATIONAL DEBT.

SPEECH

OF

HON. MARK H. DUNNELL,

OF MINNESOTA,

IN THE

HOUSE OF REPRESENTATIVES,

SATURDAY, MARCH 20, 1880.

WASHINGTON.
1880.

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The House being in Committee of the Whole, and having under consideration the bill (H. R. No. 4592) to facilitate the refunding of the national debt—

Mr. DUNNELL said:

The Secretary of the Treasury, in his annual report in December last, called the attention of Congress to the fact that certain bonds of the Government would become payable upon the demand of the holders, December 31, 1880, and that certain other bonds would be redeemable at different dates in 1881. Those which are so payable in 1880 amount to $18,415,000. The Secretary said that these bonds, the loan of February 8, 1861, maturing December 31, 1880, can probably be provided for from the surplus revenues. Bonds to the amount of $182,605,550, authorized by acts of July 17 and August 5, 1861, are redeemable June 30, 1881, and bonds to the amount of $71,787,000, authorized by act of March 3, 1863, are redeemable June 30, 1881. Also, bonds to the amount of $823,800, authorized by act of March 2, 1861, are redeemable July 1, 1881. All the above bonds amount in the aggregate to $273,631,350, and bear an interest of 6 per cent.

In addition to the foregoing securities, there will be redeemable May 1, 1881, 5 per cent. bonds to the amount of $508,440,350. These last were authorized by acts of July 14, 1870, and January 20, 1871. The total of these bonds, being all the 6 and 5 per cent. bonds of the Government now unpaid, is $782,071,700. Taking from this sum the $18,415,000 which are to be provided for from the surplus revenues, there remain $763,656,700 to be taken care of, either by payment in whole or in part or some process of refunding.

The Committee on Ways and Means have been charged with the duty of preparing for the consideration of the House a bill providing for refunding these maturing bonds. Every patriot in the country would rejoice if we had the money with which to redeem these obligations of the Government and so relieve the people from their present taxation. As this beneficent result cannot now be attained, it certainly will be deemed wise to refund them on the most favorable terms possible, or such a portion of them as cannot be met by the surplus revenues of the Government prior to the dates when the bonds are redeemable. If these bonds could be paid within two, three, or even four years by the revenues, it would be far better to continue to pay the 6 and 5 per cent. interest on them than refund for a long time at 4 or 3½ per cent. It is unreasonable, however, to suppose that even one-half of this amount could be paid in the longest time named.

Before alluding to the bill under consideration it may be proper, in this place, to give the suggestions of the Secretary of the Treasury, made in his last report. He said:

It is respectfully suggested that authority be given at the present session of Congress to issue, sell, and dispose of, at not less than par in coin, 4 per cent. bonds of the description set forth in the said act of July 14, 1870, and refunding certificates of the description set forth in the act of February 26, 1879, with like qualities, privileges, and exemptions, except as hereinafter stated, to the extent necessary to redeem the bonds falling due on or before July 1, 1881, above described, and to use the proceeds for that purpose.

It is hoped that the advancing credit of the country will enable the Secretary to sell such bonds and certificates at a premium, but it seems better to maintain the general conditions of the 4 per cent. bonds rather than to undertake to sell a bond at lower interest. The 4 per cent. consol is now universally known. The rate of interest is as low as will generally maintain the bond at par, and the premium will measure its advance above par at favorable periods. The certificates should bear the same rate and be sold on the same terms as the bonds. It is important that the authority granted should include the power to refund, from the passage of the act at the present session, and to prepay the excess of interest on the bond to be refunded prior to its maturity. The present is believed to be an exceptionally favorable time for such refunding.

These suggestions are:

First. That the bonds and certificates to be issued are to be four per cents.

Second. That the Secretary be authorized to sell the bonds and certificates and with the proceeds purchase the maturing bonds or pay them at maturity.

The Secretary, in his conference with the Committee on Ways and Means, modified the second suggestion above, drawn from his annual report, for he said in reference to the sale of bonds for money:

It will not be wise for us to sell them for the money with the uncertainty as to our being able to use that money in buying an equal amount of outstanding bonds not yet matured; and if you were to authorize that, we should necessarily have to increase the public debt. We might not be able to use the money.

The committee after mature deliberation decided to report the bill now under discussion. It provides:

First. That the Secretary of the Treasury may issue bonds to the amount of $500,000,000, which shall bear interest at the rate of 3½ per cent. per annum, redeemable at the pleasure of the United States after twenty years, and payable fifty years from date of issue.

Second. That he may also issue notes in the amount of $200,000,000, bearing interest at the rate of 3½ per cent. per annum, redeemable at the pleasure of the United States after two years, and payable in ten years from the date of issue: but not more than $40,000,000 of said notes shall be redeemed in any one fiscal year.

Third. That he may issue certificates of deposit to an amount not exceeding $50,000,000, fixing the rate of interest to be allowed thereon at 3½ per cent. per annum for one year, after which interest shall cease; and the said certificates shall be convertible at the option of the holder, when presented in sums of $50 or multiples thereof, into the coupon or registered bonds authorized by this act.

By these three provisions, the Secretary may issue bonds and certificates to the amount of seven hundred and fifty millions. The bonds, as already stated, maturing in 1880 and 1881 amount to $782,071,700, and for the conversion of which into securities bearing a lower rate of interest, this bill is now before us. The annual interest now paid upon the $782,071,700 is $41,839,898. The annual interest which these new bonds will call for, will be $26,250,000. The annual interest which will be saved by the operation of this bill will be $15,589,898. Assuming that the surplus revenues will wholly absorb the difference between the

$782,071,700 of the bonds to be met and the $750,000,000 herein provided for, the annual interest charge after this exchange of the 3½ per cent. bonds and certificates for the 5 and 6 per cent. bonds has been consummated will be but $68,183,881 over against the annual interest charge August 31, 1865, of $150,977,617.

Here will be a reduction in the annual interest charge since September 1, 1865, of $82,793,736. These figures will find a place in our financial statements, if this bill shall pass and be executed. The interest-bearing debt will be $1,765,577,000, instead of $2,381,530,294 as it was August 31, 1865. The thoughtful patriot will rejoice over this result.

A national debt is not a blessing. To a republican government it is an abiding curse. Indeed it is a curse to any government. No party or administration, as I believe, will have an indorsement of the American people which does not seek some annual reduction in this debt. This reduction, however, must not come, except in pursuance of policies and methods absolutely honest.

We are now, as a government, reaping a rich reward, because its Administrations since the war have kept to fulfillment every letter in our financial pledges.

I here insert a table to sustain some of my foregoing statements:

Year.	Total interest-bearing debt.	Annual interest charge.
1865, August 31	$2, 381, 530, 294 96	$150, 977, 697 87
1866, July 1	2, 332, 331, 207 60	146, 068, 196 29
1867	2, 248, 067, 387 66	138, 892, 451 39
1868	2, 202, 088, 727 69	128, 459, 598, 14
1869	2, 162, 060, 522 39	125, 523, 998 34
1870	2, 046, 455, 722 39	118, 784, 960 34
1871	1, 934, 696, 750 00	111. 949, 330 50
1872	1, 814, 794, 100 00	103, 988, 463 00
1873	1, 710, 483, 950 00	98, 049, 804 00
1874	1, 738, 930, 750 00	98, 796, 004 50
1875	1, 722, 676, 300 00	96, 855, 690 50
1876	1, 710, 685, 450 00	95, 104, 269 00
1877	1, 711, 888, 500 00	93, 160, 643 50
1878	1, 794, 735, 650 00	94, 654, 472 50
1879	1, 797, 643, 700 00	83, 773, 778 50

The question which the Committee on Ways and Means first met was, whether the bonds contemplated in this bill could be exchanged for the bonds to be taken up if they were to be 3½ per cent. As the bill provides for an adjustment of the difference in interest from the time of the offered exchange and maturity, the simple question was whether the bonds of the United States to the amount of five hundred millions could be sold at par bearing 3½ per cent. interest, redeemable after twenty years and payable after forty. The readiness with which the 4 per cent. bonds were sold; the eagerness with which the people sought the new 4 per cent. certificates of deposit; the premium at which the four percents sold; the premium at which they are now quoted; the fact that these bonds are the only ones which the United States can possibly put upon the market before 1891, and not then unless a war intervene; the evident existence in the country of large amounts of trust funds, which, as experience has shown, seek permanent and safe investment; the many assurances which bankers and others competent to judge gave, brought the committee to the opinion that no higher rate of interest than 3½ per cent. need be paid.

It is not certain, I admit, that these securities at the rate of interest fixed can be used as we propose, nor was it certain that the 4 per cent. bonds could be sold. More or as much uncertainty was felt then as now. Certainly the four percents did not absorb all the trust funds in the country, as was apparent when the last sales were made. I entertain the opinion that when Congress has passed this bill, the four percents will reach a premium of 9 per cent. at least, and then investors can do better by seeking the bonds which this bill will provide than any other class of our national securities. The bonds to be issued are to be offered in exchange for the five and six percents till their maturity, and if the exchange is not completed prior to the maturity of the old bonds, then the new bonds are to be sold and the proceeds used in the purchase of the old bonds not exchanged.

Aside from moneys which may be called trust funds, there are large amounts of money in the country which the owners thereof do not care to invest in active business enterprises. They are in many instances persons who, retiring from business, seek investments which shall be free from needed supervision and consequent anxiety. Such parties prefer a bond of the Government, though it bear a low rate of interest, to any other security. At no time in our national history has our credit been so good as now. Fidelity to pledges, made during and since the war, has largely contributed to this result. This credit was caused in part by a return to specie payments. Resumption not only was a fulfillment of money promises made during the war, but it made the large volume of paper money in circulation equivalent in commercial value to the coin of the Constitution. Resumption, whether begun too soon or too late, whether reached by precisely the best methods or not, could not fail to strengthen our national credit, and will not now, while sustained, fail to bring forward for permanent and safe investment much money which, if it has not been hoarded, has been employed in transactions but poorly remunerative and so employed till the full credit of the Government was reached.

While the returning prosperity in business may keep in active circulation and venture the great bulk of the acquired wealth of the people, yet no inconsiderable fraction of this wealth will withdraw from hazards which prosperity always begets and seek security. In the midst of the wildest speculations, there are a few at least who then instinctively retire from business, and all the more readily inquire for a place where they may safely lodge their money. We should not forget that the value of the annual productions of all the industries of the United States is so large that the ability to invest in such securities as this bill contemplates, is much greater than we might suppose.

A full year will be given in which the bonds provided for in this bill are to be offered in exchange for the 5 and 6 per cent. bonds. These bonds are not to be sold for money till after the maturity of the bonds to be taken up. If this exchange cannot be effected by a 3½ per cent. bond, it will be in time when Congress meets in December next to authorize a 4 per cent. bond. Haste is not needed; nor can it be urged except on the assumption that the times are more favorable now than they will be next year.

The questions, Mr. Chairman, which this bill presents are not many, and are very simple. We have bonds maturing in 1880 and 1881, bearing 5 and 6 per cent. interest. Shall they remain to be reduced from year to year by the surplus revenues, which the Secretary of the Treasury judges will be $50,000,000 each year if there be no unlooked-

for changes and no marked modifications in the revenue laws of the country, or shall these bonds be refunded with 3½ per cent. bonds, and the Government then use the $50,000,000 in the purchase of the outstanding 4½ per cent. bonds, which are redeemable September 1, 1891, and are in amount $250,000,000? I do not hesitate to declare my opinion that the latter course is the preferable one. The public-debt statement for February, made March 1, confirms me in this opinion. I will here make it a part of my remarks. The reduction in the public debt for the month of February, as will be seen by the official statement, was over $5,500,000, notwithstanding the fact that over $6,000,000 were paid out during the month on account of pensions. The total revenues during the month were larger than those ever received before during the month of February under the present revenue laws. The receipts from customs during the month amounted to $16,800,000, while in the corresponding month of 1879 they amounted to only $10,800,000. The receipts from internal revenues last month were over $8,750,000 while in February, 1879, they amounted to more than $1,000,000 less.

The following is the official public-debt statement for February:

Coin bonds:		
6 per cent. bonds	$263, 948, 000	
5 per cent. bonds	501, 418, 900	
4½ per cent. bonds	250, 000, 000	
4 per cent. bonds	738, 962, 000	
Refunding certificates	1, 883, 950	
Navy pension fund	14, 000, 000	
		$1, 770, 212, 850
Debt bearing no interest:		
Debt on which interest has ceased, (matured)		10, 823, 135
Legal-tenders	346, 742, 271	
Certificates of deposit	11, 485, 000	
Fractional currency	15, 631, 311	
Gold and silver certificates	19, 452, 520	
		393, 311, 102
Total		2, 174, 347, 087
Accrued interest		17, 116, 787
Total debt		2, 191, 463, 874
Cash in Treasury		196, 351, 653
Debt, less cash in Treasury		1, 995, 112, 221
Decrease during February		5, 672, 019
Decrease since June 30, 1879		32, 095, 035
Current liabilities:		
Interest due and unpaid		3, 662, 288
Debt on which interest has ceased		10, 823, 135
Interest thereon		897, 003
Gold and siver certificates		19, 452, 520
United States notes held for redemption of certificates of deposit		11, 485, 000
Cash balance available March 1, 1880		150, 031, 706
Total liabilities		196, 351, 653
Available assets:		
Cash in Treasury		196, 351, 653
Bonds issued to Pacific Railroad Companies, interest payable in lawful money:		
Principal outstanding		64, 623, 572
Interest accrued and not yet paid		646, 235
Interest paid by United States		45, 651, 155
Interest repaid by transportation of mails, &c		13, 656, 910
Balance of interest paid by United States		31, 994, 245

At no time since the foundation of the Government has it been free

from some debt. The national debt January 1, 1791, was $75,463,476. This had a very gradual reduction, though increasing some years, till January 1, 1812, when it was $45,209,737. From this point it increased till January 1, 1816, when it was $127,334,933. The revolutionary war was the chief cause of the original debt, and the war of 1812 with Great Britain was the cause of the increase. From 1816 it decreased till in 1836, when it was but $37,513. From this time it increased till January 1, 1843, when it became $20,601,226; July 1, 1843, it was $32,742,922; July 1, 1851, it amounted to $68,304,796. This increase is chargeable to the Mexican war. This debt was annually lessened till 1857, when it was $28,699,831, and from this year it was annually increased till July 1, 1861, when it was $76,455,239. As no part of this increase can be charged to the war of the rebellion, there was a larger increase of the national debt from 1857 to 1861 than during any similar period of peace since the foundation of the Government. It is no wonder that the war of 1812 and the Mexican war increased the public debt, and the wonder is that they did not make larger increases. History does concede that our financial affairs were conducted with marked ability during these two wars. It remains to be seen what reasons history will give for the large increase of the public debt during the administration of President Buchanan. From July 1, 1861, to July 1, 1865, the debt increased from $76,455,239 to $2,756,431,571. It is not necessary to say that this enormous debt was that part of the money expenditure made to preserve the Union and which remained unpaid when the rebellion was brought to an end. From the close of the war in 1865 to this hour the Government has been exerting all her energies so to manage and reduce this large debt that the public credit might be fully restored; that business might be brought back to normal channels and prosperity; that taxation might be reduced to the minimum of burden, and that the promissory notes of the Government made necessary by the exigencies of war, and for that reason alone declared constitutional, might become, as they now have, honest representatives of the promised gold and silver of the Constitution.

I insist, Mr. Chairman, that the Government during this period has achieved great financial success. The interest-bearing debt has been reduced from $2,381,530,294 to $1,770,212,850, or $611,317,444. If we add to this the aggregate amount of interest-money paid since July 1, 1865, which has amounted to $1,708,595,985, we shall have $2,319,-913,429 as the sum total paid on the debt and interest on the debt. When we consider that we have paid $1,708,595,985 of interest, while we have reduced the principal but $611,317,444, we shall see no beauty in a national debt, but find in it the certain elements of a grievous burden. Should we add to the $2,319,913,429—the aggregate debt reduction and interest paid—the net ordinary expenditures of the Government for the same period, which have been $3,299,921,125, aside from the interest on the public debt, we have $5,619,834,654 as the sum total of our expenditures during these fifteen years. These figures should warn us against policies tending to perpetuate this vast burden. They should rather impel us to measures calculated annually to reduce the burden and end it within the least possible period of time. To the consummation of this great good every party and every section should struggle.

Though the bonded debt has had a reasonable reduction, yet the reduction in the annual interest charge has been very great. As already stated, it has fallen from $150,977,697 to $83,773,778 on July 1, 1879, and if this bill should pass and go into full execution the annual

interest charge will be but $68,183,881. This fact in our financial situation is full of promise; it is a just cause of congratulation; and it has, in part, been secured by refunding operations. The secured credit of the Government, its honesty, its fidelity to promises made during and since the war, have conspired to this grand result. The people have sustained these measures and policies. They will continue to do so, no matter how loudly the few may complain and however severely the few may criticise. The people love good results. They care less about methods, provided they are honest, and nothing about the theories of pretenders in finance.

The Government has a small debt besides the bonded debt. I will not stop to enumerate the items, but here insert the following table, which will show the aggregate debt each year since 1865, interest-bearing and non-interest-bearing, less cash in the Treasury:

1865, August 31	$2, 756, 431, 571 43	1873	$2, 105, 462, 060 75
1866, July 1	2, 636, 036, 163 84	1874	2, 104, 149, 153 69
1867	2, 508, 151, 211 69	1875	2, 090, 041, 170 13
1868	2, 480, 853, 413 23	1876	2, 060, 925, 340 25
1869	2, 432, 771, 873 09	1877	2, 019, 275, 431 37
1870	2, 331, 169, 956 21	1878	1, 999, 382, 280 45
1871	2, 246, 994, 068 67	1879	1, 996, 414, 905 03
1872	2, 149, 780, 530 35		

The cash in the Treasury July 1, 1879, was $249,080,167. It has been stated in this debate that the bonded debt increased in 1878 about $83,000,000 over the debt in 1877. That is true; but it is very proper to state the reasons. Bonds to this amount were issued for resumption purposes. This issue did increase the bonded debt, but the money received for the bonds was put into the Treasury, and there remains. Whether all this cash should now be kept in the Treasury to give security to resumption is not a question which this bill suggests or one which I deem it necessary to consider. It is, however, my opinion that some of this cash could be used in payment of a portion of the maturing bonds for which this bill makes provision and in no manner endanger resumption. How much of it could be so used, I am not prepared to say. Not enough of it should be removed to put in the least jeopardy the end for which it was put there. The business prosperity of the country which now makes glad every portion of it, should not have the least check. The slightest shadow of danger in this direction would work an injury which five times the cash in the Treasury could not mend.

Let me here ask attention to the fifth section of the bill under consideration. It provides that from and after the 1st day of July, 1880, the 3½ per cent. bonds, authorized by the first section of the bill shall be the only bonds receivable as security for national-bank circulation. The amount of bonds on deposit with the Treasurer of the United States to secure the circulation of national banks at the close of business March 9, 1880, was $362,843,050. Of this, $132,518,000 are four percents, payable in 1907, and $37,316,950 in four-and-a-half percents, payable in 1891. The balance consists of five and six percents. For the redemption of these and others of like denomination, this bill is now before us. When the three-and-a-half percents contemplated by this bill shall take the place of the five and six percents now held by the banks, the annual interest on the bonds which will then be held by the banks, if remaining the same in amount, will be $12,735,266.

The national banks in 1871 paid national and State taxes to the amount of $18,509,973, and in 1877, $15,731,877. For the last two years they have paid not less than in 1877. These figures disclose the

interesting fact that while these bonds held by the national banks give complete security for every dollar issued by the banks, the banks themselves actually pay out in the shape of taxes an amount larger than the interest on the bonds. When we consider this fact, we shall see the extreme folly of withdrawing the national-bank notes which are taxable, and putting in their place Treasury notes which are not taxable. This folly will appear all the more supreme when we reflect that the Government must pay the interest on all its outstanding bonds, whether held by the banks or by private parties.

The history of the loans of the United States from 1776 is instructive as well as interesting. The loans authorized by the Continental Congress amounted to $49,000,000, but the amount received was only $8,536,517. The rate of interest was 5 per cent. and in one instance 4 per cent. The securities sold at par. The loans negotiated in Holland from 1790 to 1794 were 5 per cent., and the securities sold at an average of ninety-six cents. During the next five years other small 6 per cent. loans were effected at par. In 1795 a 4½ per cent. loan was negotiated at par; in 1800 an 8 per cent. loan was authorized, the notes selling at a very small premium. The securities which were issued during the next twelve years were 6 per cent., and sold at par. Those negotiated in 1814 were 6 per cent., and sold at eighty cents. The first bonds of the Government which were sold for more than one cent premium were authorized in 1848, bearing 6 per cent. interest, payable quarterly or semi-annually. The bonds sold at a premium of three and one-half cents. Those issued between 1848 and 1861 were generally 6 per cent., selling at par. The securities issued by the Government up to 1861 were largely denominated Treasury notes, stocks, certificates, and stock certificates. The aggregate amount received on all loans from 1776 to 1861 was but $509,074,402. If we consider that the revolutionary war, the Indian wars, the war of 1812, and the Mexican war were all carried on during this period, we shall wonder at the inexpensiveness of the earlier governmental operations. The fathers were economical, and when a debt was incurred they made haste to reduce it. They had no arguments in favor of a perpetual national debt. They were known to the world as opposed to such a policy. We have not departed from their lessons, and I trust we never shall.

When the war of the rebellion was ended, the Government at once commenced the reduction of the debt which it had been compelled to create. Its achievements I have already stated. The reduction has gone on from year to year. The people will not forget it, and will not forgive the party in power which fails to continue the reduction.

If the bill before us becomes a law and the bonds can be disposed of, the bonded debt of the Government will be as follows: $250,000,000 of four-and-one-half percents, redeemable September 1, 1891; $740,845,950 four percents, redeemable July 1, 1907; $500,000,000 three-and-one-half percents, redeemable in 1900; and $200,000,000 of Treasury notes, 3½ per cent., redeemable in two years and payable in ten; and $50,000,000 of certificates of deposit. These five great classes of bonds will constitute our debt. The interest upon these, as already stated, will be $68,183,881, while the interest upon the bonded debt at the close of the war was $150,977,617.

Mr. Chairman, thus far in what I have said I have spoken from no partisan stand-point. I did not suppose the discussion on this bill would be partisan in its character. I could not anticipate any reason why it should take that turn. It is a simple business proposition for the Government of the United States to entertain. The discussion of

this question, legitimately conducted, does not go back of the present hour. It has no business with anything except the simple, naked proposition whether or not we shall make provision for these maturing bonds; and, if we are to make provision for them, how, or in what manner, at what rate of interest, and for how long a time. If we are to make no provision for them, as the eloquent gentleman from Georgia [Mr. FELTON] suggests, then it is for us to canvass carefully, if we legislate wisely, the revenues we are to have or how much money we shall have with which to take care of these maturing bonds.

I have said in the remarks which I have already made that there is no party in this country that asks for the perpetuation of the public debt. The policy of the party to which I belong, has been against it from the time that it took hold of the Government. Not a session has been held since the close of the war, in which a reduction of the national debt has not been in contemplation. I am glad that the democratic side of the House favors the reduction of the national debt. I am heartily glad of it. Only I say, Mr. Chairman, let that reduction be made by honest methods.

The gentleman from Texas [Mr. MILLS] says he takes it for granted that during the next ten years we shall have such and such revenues. Is it wise to legislate on mere assumptions? Is it wise for me to give a vote to-day on an assumption that for ten years to come the revenues are to be what they are to-day? Certainly not. The views of the gentleman from New York [Mr. FERNANDO WOOD] do not harmonize with that line of argument. We are to meet the question like business men. Shall we let these bonds run on at 6 and 5 per cent. and take the chances of reducing the volume or paying them in full, or shall we put them into bonds bearing a lower rate of interest? Suppose we have sixty-one millions of surplus revenues, as the gentleman from Texas says; that we have refunded these bonds; it will not deny us the privilege of using those sixty-one millions in the purchase of outstanding 4½ per cent. bonds. We can use every dollar of surplus revenues in the reduction of our bonded debt just as well if this quantity now under contemplation be put into three-and-a-half percents as though we allowed that portion to run on at 5 and 6 per cent.

The gentleman from Texas has talked about the debt of Great Britain. There is no advocate here of British policy on this floor. There is no man inside of the republican party that has ever declared a national debt a national blessing. There is nothing in our history that should educate the people of this generation into a national-debt theory. Our forefathers were wonderful men. No sooner had the revolutionary war closed than they commenced the reduction of their debt; and no matter what administration has been in power, the reduction of the existing debt has been one of our crowning national virtues. It has entered into our national history, and England to-day in her best journals and in the strongest language commends to the world the financial history and the financial record of the United States of America. The republican party has no record in conflict with our national history. It has proudly presented its financial record to the people and they have indorsed it. We do not avoid the fullest investigation; we are for an honest administration of the Government and the annual reduction of the national debt.

We have had, Mr. Chairman, all along in our national history able men at the head of the Treasury—Hamilton and Gallatin and Rush——

Mr. HAWLEY. Wolcott, of Connecticut.

Mr. DUNNELL. And Walker, who managed our finances during the Mexican war with consummate ability; and since him Guthrie and Chase. History always sets things right. I am not called upon to defend any man. But when the history of the present times shall be written by a thoughtful posterity, the name of John Sherman will be found among the names of these great Secretaries of the Treasury.

I say this not as a republican, for I do not think it is necessary to discuss the question from that stand-point. The gentleman from Texas [Mr. MILLS] has referred to the English debt. I agree with him that the English debt has borne down and is bearing down the English people. We want no such burden upon the energies of the American people. But the gentleman made one singular statement, that it is the business of governments in time of peace to hoard money for the time of war.

Mr. MILLS. No, sir. I said ancient governments did it, and I condemn it.

Mr. DUNNELL. I did not hear the condemnation come in.

Mr. MILLS. I said it was wrong and reprehensible, but that it was better than the funding system.

Mr. DUNNELL. Mr. Chairman, I do not believe this Republic will ever adopt the policy of hoarding money in the time of peace for a time of war.

Mr. MILLS. And it ought not.

Mr. DUNNELL. War ought not to enter into our governmental policy. When war comes, where, Mr. Chairman, should be our strength in this country?

Mr. WEAVER. In the greenback.

Mr. DUNNELL. Where is our strength to-day in the world? It is in our grand credit. It is in our credit, Mr. Chairman, which to us is not only a pillar of strength but a source of great national glory. The gentleman from Iowa [Mr. WEAVER] says: "In the greenback." Why was there strength in the greenback? Because it was the promise of a government which was entitled to public credit, because it was issued for the public defense and for that end authorized by the Constitution, and declared constitutional by the Supreme Court of the United States.

But a word more and I will close. I admired the eloquent language of the gentleman from Georgia, [Mr. FELTON,] language that did his heart and head much credit. He says: Let us stand by the national debt to its full payment—let us stand by all the pledges of the Government in letter and spirit. He pleads for the extinction of this debt. So do I. He follows one line in reaching the grand result, and I follow another. Now, if I were certain, Mr. Chairman, that our revenues would enable us to take care of these maturing bonds within two, three, or four years, I would let them stand unrefunded and take care of them by degrees. But it is demonstrable that it is better to refund these bonds at a 3½ per cent. rate, and then use the fifty millions which the Secretary thinks we may have in decreasing the funded debt, in the purchase of other outstanding bonds; that we shall use the money to better account after the refunding processes have been entered into, than to let these bonds remain at their present high rate of interest and attempt their extinction by the surplus revenues.

I have said that I thought some of the cash in the Treasury might be used; I do not know whether it could or not. It is very easy to make declarations here and to give opinions. I cannot say just what percentage of the present volume of money in the Treasury is needed

to keep resumption safe. The gentleman from New York would not hazard resumption in the slightest degree. Yet that matter, it was agreed in the committee, should come before the House in a separate bill. Therefore I have said that resumption was not necessarily connected with or involved in a legitimate discussion of this bill.

I will not longer occupy the time, further than to say that in my opinion we have great reason, as the representatives of the people, to congratulate them upon the present financial outlook. We have a restored credit; we have returning prosperity; we have our debt in such a shape that we can grapple it and handle it. The burden by way of annual taxation has been so much reduced that the debt has largely ceased to be the burden which it was soon after the war.

I believe that in legislation it is better to cling to the existing condition of things than to legislate under anticipated adverse conditions. The gentleman from Texas is full of fear. Foreboding has taken possession of him. He is considering with a great deal of anxiety the posterities that are to follow him. If we can pay $50,000,000 annually upon our national debt, as he says we can, the gentleman from Texas, if he lives to the ordinary period of human life, will see this debt completely wiped out. I hope and expect to live to see the consummation of the grand result. The gentleman from Pennsylvania [Mr. KELLEY] says it will be done in fifteen years or less. If our surplus revenues in the years immediately to come shall be $50,000,000 with a Congress in session each year to tell the Secretary what to do with those funds, how are we to be damaged because of those surplus revenues? We can order him to dispose of them in the purchase of outstanding bonds. We run no risk by this legislation. We do not put off a day the final extinguishment of the national debt. We shall save $15,000,000 a year in interest money if this bill passes and is put into successful operation. Adding this saving to the $50,000,000 which the gentleman says we shall have, we have $65,000,000. Let that $65,000,000 do its work year by year, and the gentleman from Texas may think less of posterity and look forward to the day when he can raise his voice in a grand acclaim, in a national thanksgiving that the great debt which the salvation of the Union made necessary has been extinguished by the generation that saw it created.